

Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 16057 01 OF 02 061910Z

50

ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 IO-14 ISO-00 SS-20 NSC-10 L-03

H-03 AGR-20 AID-20 CEA-02 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 OPIC-12 SPC-03 TRSE-00

CIEP-02 LAB-06 SIL-01 OMB-01 OIC-04 PA-04 PRS-01

USIA-15 XMB-07 DRC-01 /220 W
----- 047789

R 061900Z NOV 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8564

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY CANBERRA

AMEMBASSY VIENNA

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY ATHENS

AMEMBASSY REYKJAVIK

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

AMEMBASSY OSLO

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY STOCKHOLM

AMEMBASSY ANKARA

AMEMBASSY WELLINGTON

USMISSION GENEVA

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 16057 01 OF 02 061910Z

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 16057

E.O. 11652: N/A

TAGS: EFIN, OECD

SUBJECT: OECD NOVEMBER 8-9 XCSS MEETING: INVESTMENT

REF: BONN 15821, STATE 208686

1. SUMMARY. FRG REMAINS SKEPTICAL ABOUT THE POSSIBILITY OF REACHING AGREEMENT ON INVESTMENT GUIDELINES IN THE OECD AND URGES INSTEAD A LESS AMBITIOUS WORK PROGRAM.

2. AS A FOLLOW-UP TO OUR EARLIER DISCUSSION WITH THE FRG REPRESENTATIVE TO THE XCSS (REF A), EMBOFF DISCUSSED INVESTMENT ISSUES OF THE FORTHCOMING XCSS MEETING WITH VON DEWITZ, DIRECTOR OF THE OFFICE OF FOREIGN INVESTMENT IN THE ECONOMICS MINISTRY ON NOVEMBER 6. EMBOFF POINTED OUT THAT AGREEMENT HAD BEEN REACHED AT THE JULY XCSS MEETING THAT "PROPOSALS SHOULD BE CONSIDERED CONCERNING CONSULTATION PROCEDURES BASED ON GUIDELINES IN MATTERS PERTAINING TO INTERNATIONAL INVESTMENT" AND STRESSED THAT WE WISHED TO PRESS AHEAD WITH THE IMPLEMENTATION OF THIS AGREEMENT.

3. VON DEWITZ REPLIED THAT THERE WAS STILL SOME CONFUSION AS TO JUST WHAT THE MANDATE OF THE XCSS WAS IN THIS AREA AND THAT HE HOPED THAT THE FORTHCOMING MEETING WOULD CLARIFY THE SITUATION. VON DEWITZ AGREED THAT A LITERAL INTERPRETATION OF THE XCSS REPORT SUPPORTED OUR POSITION THAT THE EXPERTS WERE TO DRAW UP INVESTMENT GUIDELINES AND HE AGREED THAT THIS WAS ALSO THE MOST LOGICAL WAY TO PROCEED. HE ARGUED, HOWEVER, THAT IN SPITE OF WHAT THE WORDS SAY THERE IS NO AGREEMENT AT THE POLITICAL LEVEL IN MOST OECD MEMBER GOVERNMENTS TO PROCEED WITH THE PREPARATION OF GUIDELINES AND THAT IF WE INSISTED ON PURSUING THIS COURSE AT THE PRESENT TIME IT WOULD NOT BE POSSIBLE TO REACH AGREEMENT AT ALL.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 16057 01 OF 02 061910Z

4. VON DEWITZ THEN REITERATED HIS SUGGESTION THAT THE QUESTION OF GUIDELINES BE TEMPORARILY POSTPONED AND THAT THE XCSS INSTEAD AGREE ON A TWO-PRONGED APPROACH OF CONSULTATION AND RESEARCH. UNDER CONSULTATION, A MECHANISM COULD BE CREATED WHEREBY A MEMBER COUNTRY THAT FELT ITSELF DISADVANTAGED BY ANOTHER MEMBER'S INVESTMENT INCENTIVES COULD CALL FOR CONSULTATIONS TO

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BONN 16057 02 OF 02 061912Z

50

ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 IO-14 ISO-00 SS-20 NSC-10 L-03

H-03 AGR-20 AID-20 CEA-02 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 OPIC-12 SPC-03 TRSE-00

CIEP-02 LAB-06 SIL-01 OMB-01 OIC-04 PA-04 PRS-01

USIA-15 DRC-01 XMB-07 /220 W
----- 047809

R 061900Z NOV 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8565

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY CANBERRA

AMEMBASSY VIENNA

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY ATHENS

AMEMBASSY REYKJAVIK

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

AMEMBASSY OSLO

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY STOCKHOLM

AMEMBASSY ANKARA

AMEMBASSY WELLINGTON

USMISSION GENEVA

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 16057 02 OF 02 061912Z

LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 16057

SEE IF THE PROBLEMS COULD BE RESOLVED. UNDER RESEARCH HE NOTED THAT THE TRADE COMMITTEE IS ALREADY STUDYING THE INTERNATIONAL EFFECTS OF ALL DOMESTIC INSTRUMENTS INCLUDING INVESTMENT AIDS AND HE URGED THAT THIS STUDY SHOULD CONTINUE. VON DEWITZ ARGUED THAT THIS TWO-PRONGED APPROACH WOULD ENABLE SPECIFIC PROBLEMS TO BE DEALT WITH WHILE AT THE SAME TIME IT WOULD PROVIDE A FACTUAL UNDERPINNING FOR THE EVENTUAL ESTABLISHMENT OF INVESTMENT GUIDELINES.

5. EMBOFF THEN ASKED FOR COMMENTS ON THE INDIVIDUAL ELEMENTS OF THE PROPOSED US GUIDELINES. ON NEUTRALITY VON DEWITZ THOUGHT THAT THIS WAS ESSENTIALLY INCOMPATIBLE WITH THE CONCEPT OF SPECIFIC REGIONAL INVESTMENT INCENTIVES. HE SAID YOU CAN NOT HAVE A REGIONAL INCENTIVE PROGRAM AT THE SAME TIME THE GOVERNMENT IS NEUTRAL. THE CONCEPT OF NATIONAL TREATMENT GIVES HIM NO PROBLEM NOR DOES THE CONCEPT OF TRANSPARENCY OF INVESTMENT INCENTIVES. ON THE ISSUE OF TEMPORARY AND TRANSITIONAL NATURE OF INCENTIVES, HOWEVER, VON DEWITZ ARGUED THAT TIME PERIOD FOR ANY SPECIFIC INCENTIVE WOULD DEPEND ON THE SPECIFIC REGION AND PROGRAM INVOLVED. VON DEWITZ ARGUED THAT THE AVOIDANCE OF RESTRICTIONS AND DISINCENTIVES WAS REALLY THE SAME THING AS NEUTRALITY AND HE HAD THE SAME OBJECTIONS. HE AGREED WITH OUR THINKING ON EXCEPTIONS AND CONSULTATIONS.

6. ON THE QUESTION OF MULTINATIONAL ENTERPRISES VON DEWITZ SAID THAT THE FUNDAMENTAL FRG TENET IS NONDISCRIMINATION. HE SAID THAT HE AGREED WITH OUR VIEW THAT THE OECD EXAMINATION OF MNCS SHOULD BE CARRIED OUT ON A COMPREHENSIVE BASIS BUT HE STRESSED AGAIN THAT ANY OECD RESEARCH OR STATISTICAL REQUIREMENTS SHOULD BE NONDISCRIMINATORY.

7. EMBOFF EMPHASIZED THE US DESIRE THAT THE XCSS CONDUCT A GOOD SUBSTANTIVE DISCUSSION OF THESE INVEST-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 16057 02 OF 02 061912Z

MENT ISSUES. VON DEWITZ REPLIED THAT THE GERMAN

DELEGATION WOULD BE PREPARED TO TAKE PART IN SUCH
DISCUSSION.
HILLENBRAND

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 06 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BONN16057
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731153/aaaabmxr.tel
Line Count: 226
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: BONN 15821, STATE 208686
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 31 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31-Jul-2001 by boyleja>; APPROVED <24-Sep-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OECD NOVEMBER 8-9 XCSS MEETING: INVESTMENT
TAGS: EFIN, OECD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005